

**OFFICIAL PROCEEDINGS OF THE BOARD OF
TRUSTEES
CITY OF LANSING
EMPLOYEES RETIREMENT SYSTEM**

Regular Meeting
City Council Conference Room
10th Floor, City Hall
Lansing, MI

September 25, 2014
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:32 a.m.

Present: Boles, McCaffery, Munroe, M. Parker, Taylor – 5
Absent: Trustee Bernero, Dedic, D. Parker, Kraus

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill (representing the City Attorney's Office).

Trustee Mark Parker presided.

It was moved by Trustee Taylor and supported by Trustee Munroe to approve the Official Minutes of the Employees' Retirement System Regular Meeting of August 21, 2014.

Adopted by the following vote: 5-0

It was moved by Trustee Boles and supported by Trustee Taylor to approve the Official Joint Minutes of the Police and Fire Retirement System and the Employees Retirement System Meeting of August 19, 2014.

Adopted by the following vote: 5 – 0

Trustee Parker requested to move the voting items first with the consent of the Employees Retirement System Board.

It was moved by Trustee McCaffery and supported by Trustee Boles to approve the following requests for Regular Age and Service Retirements:

Earleane Brodie (Public Service/UAW), 24 years, 6 months service credits, age 59, effective September 30, 2014.

Steven Hooks, (Public Service/UAW), 20 years, 1 months of service credits, age 62, effective September 30, 2014.

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It was moved by Trustee McCaffery and supported by Trustee Boles to approve the following requests for Regular Age and Service Retirements (continued):

Thomas E. Weber, (Public Service/Teamster), 11 years, 3 months of service credits, age 62, effective October 1, 2014.

Adopted by the following vote: 5 – 0

Ms. Williams reported that the medical report for Applicant #2014 – E0515 had been submitted to the disability subcommittee for review.

Trustee Taylor reported that the disability subcommittee had not met to review the medical report and the item was returned to pending.

Ms. Williams reported that the Retirement Office is waiting for the medical release and requested documents from Applicant #2014 – E0619.

Ms. Williams reported that Mr. Richard Gregg, Public Service has requested a return of his accumulated contributions of \$4,325.26. The member was not vested.

It was moved by Trustee Boles and supported by Trustee McCaffery to approve the request of Mr. Richard Gregg, Public Service for the return of his accumulated contribution of \$4,325.26.

Trustee Boles inquired regarding an explanation of what happens to the service credits of the employee after the contribution has been withdrawn.

Ms. Williams explained that members who separate from the system must file a withdrawal form with the Employees Retirement System for their contributions. A member forfeits all service credits and rights to pension and health care by withdrawing retirement monies. The member can no longer use the Reciprocal Retirement Act to qualify for a City of Lansing pension. Members can roll retirement monies into an IRA.

Adopted by the following vote: 5 – 0.

Ms. Williams reported that Trustee Dedic and Trustee Antonia Kraus had contacted the Retirement Office to be excused from the September meeting. Trustee Dennis Parker was reported to be with Trustee Dedic and also requested an excuse. Trustee Kraus does not need to be excused because she is ex-officio.

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It was moved by Trustee Boles and supported by Trustee Munroe to excuse Trustee Dedic, Trustee Kraus and Trustee Dennis Parker from the September Employees Retirement System meeting.

Adopted by the following vote: 5 - 0.

Attorney Ken Lane discussed a request to the Employees Retirement System from Robbins Geller Rudman & Dowd to pursue a securities litigation derivative case. Attorney Lane indicated that the suffered losses do not meet the threshold set the Retirement Boards.

Attorney Lane also reviewed a news article regarding Robbins Geller Rudman & Dowd, who was sanctioned by the California courts. Attorney Lane informed the Board that Milberg law firm and Northern Trust also perform fraud monitoring for the Boards' securities.

Attorney Lane recommended that the Employees Retirement System Board decline the request to pursue the derivative case. Attorney Lane also indicated that the Police and Fire Retirement Board had voted to terminate its contract with Robbins Geller Rudman & Dowd.

Trustee Munroe inquired if the municipality listed in the news article, that brought the lawsuit, was sanctioned. Attorney Lane stated that the municipality had not been sanctioned, but admonished because they did not exercise due diligence.

Trustee Boles inquired if the Joint Retirement Boards could discuss a possible replacement for Robbins Geller Rudman and Dowd at its next meeting.

It was moved by Trustee Boles and supported by Trustee Munroe to decline the derivative litigation request, to terminate its agreement with Robbins Geller Rudman & Dowd, and to discuss replacement of the law firm on the next Joint Agenda.

Adopted by the following vote: 5-0

Ms. Williams described the Minute Master Services provided by Gabriel, Roeder and Smith. The fee for 2014 service was quoted as not to exceed \$3,100. The Minutes Master Service was approved at the Police and Fire Retirement Meeting.

It was moved by Trustee Boles and supported by Trustee Taylor to approve the 2014 Minute Master Service fee as quoted to not exceed \$3,100.

Adopted by the following vote: 5-0

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Trustee Mark Parker reported that Tegrity requested the electronic version of the reduction factors used for optional forms of the payment of benefits. The factor sheet currently exists in paper form, but needed to be loaded into the Arrivos Calculator Database. Greg Stump, Boomershine Consulting Group, recommended that new reduction factors should be considered based upon updated mortality tables.

Attorney Ken Lane explained that the Retirement Office requested a legal review of the Ordinance and the union agreements to make certain that a change in the reduction factors would not violate any contractual language.

It was moved by Trustee Boles and supported by Trustee Munroe that Boomershine be allowed to calculate updated reduction factors pending legal review. Trustee Munroe offered a friendly amendment that was accepted to also make the approval of reduction factor calculation contingent upon notifying the Board regarding the fee for the service.

Adopted by the following vote: 5 - 0

Karen Williams reported that Tegrity has completed work on the Calculator Engine technical specifications and have provided screen designs for the Calculator and Web Estimator. Ms. Williams reviewed the draft calculation sheets that would be produced from the Arrivos Software. She requested that Trustee review the drafts for their input.

Secretary's Report. 4 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total active membership: 314. Total deferred: 68. 1 death(s) Stanley Jenks (Teamster, retired 1/25/2003), died 9/3/2014, age 72, no beneficiary. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of August 2014, amounted to \$1,837,591.46. Total retirement checks printed for the ERS System: 894. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no requests for duty disability.

Trustee Munroe provided an oral report of the MAPERS Fall Conference. Trustee Munroe attended workshops that discussed an analysis of the Defined Contribution versus the Defined Benefit plan, and an actuarial seminar.

Trustee Parker discussed the workshop he attended at MAPERS regarding alternative investments.

Attorney Ken Lane discussed the legislative topics that were discussed at MAPERS. Attorney Lane highlighted Public Act 314 section regarding the establishment of an investment committee that applies mainly to the City of Detroit. The investment committee would have the ability to overrule the selection by the Board of Trustees.

Trustee Munroe expressed concern regarding the future implication of the investment committee on other municipalities.

Ms. Williams updated the Employees Retirement Board regarding the registration materials for the IFEBP Annual Conference and reviewed the agenda for the Due Diligence Visit to Asset Consulting Group.

Attorney Ken Lane reported that the City Attorney's Office was updating the Retirement Ordinance, in accordance with the most recent contracts that have been ratified. The draft will need to go to the Mayor and City Council before being referred back to the Employees Retirement Office for review. Attorney Lane also reported that he submitted the trustee handbook in electronic form to the Retirement Office.

Attorney Lane updated the Board that he received an email that Ingham County has passed the 911 resolution.

Ms. Bennett added that the Employees Retirement System would be transferring the interest agreed upon to Ingham County.

Ms. Williams reported that the Police and Fire Retirement Board discussed having a minimum balance of \$1 million in the Securities Lending Account and transferring the remainder

Karen Williams reviewed the Quarterly Expense Report and the securities lending report for the month of July 2014.

Ms. Williams also reported that Northern Trust has sent notice to the Employees Retirement System regarding amendments to the Securities Lending account. Ms. Williams provided the information to Asset Consulting Group for review and the ERS Board should receive a recommendation for what action is required.

The meeting adjourned at 9:26 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Mark Parker, Vice Chairperson
Employees' Retirement System